
Surcharging Credit Cards – Q&A for Merchants

Q. What is a payment card surcharge?

A payment card surcharge, also known as a checkout fee, is an additional fee that a merchant adds to a consumer's bill when he or she uses a card for payment.

Q. Can I add a surcharge to card transactions?

As a result of a legal settlement to resolve claims brought by a group of U.S. merchants, merchants in the U.S. and U.S. territories may add a surcharge to certain credit card transactions, starting January 27, 2013. Merchants who choose to surcharge must follow consumer disclosure and other requirements agreed to as part of the settlement.

Q. When can I begin to surcharge?

U.S. merchants must first notify Visa and their acquirer of their intent to surcharge at least 30 days prior to implementing surcharging. Merchants can submit a notification form to Visa at www.visa.com/merchantsurcharging. Merchants may not begin surcharging until January 27, 2013.

Q. What should I consider when determining whether or not to assess a surcharge on card transactions?

Before choosing to surcharge, U.S. merchants may want to consider a number of factors, including:

- the potential impact on your customers' experience
- what your competitors might be doing
- what information must be disclosed to your customers, and how
- cost of credit cards and other forms of payment

Q. I am a merchant who intends to surcharge. What is the process I need to follow?

U.S. merchants that intend to surcharge are required to:

- **Notify** Visa and your acquirer at least 30 days in advance of beginning to surcharge; a notification form to Visa can be submitted at www.visa.com/merchantsurcharging.
- **Limit** surcharging to credit cards only (no surcharging debit and prepaid cards) and limit the amount to your merchant discount rate for the applicable credit card surcharged*.
- **Disclose** the surcharge as a merchant fee and clearly alert consumers to the practice at the point of sale – both in store and online – and on every receipt.

Merchants should also consider whether they comply with all applicable state or federal laws. Currently, 10 U.S. states have surcharging restrictions including California, Colorado, Connecticut, Florida, Kansas, Maine, Massachusetts, New York, Oklahoma and Texas.

More information on rules and requirements related to surcharging can be found at www.visa.com/merchantsurcharging.

Q. Can I assess a surcharge on both credit and debit card purchases?

No. The ability to surcharge only applies to credit card purchases, and only under certain conditions. U.S. merchants cannot surcharge debit card or prepaid card purchases.

Q. Can I assess a surcharge on debit card transactions for which the cardholder using a debit card chooses “credit” on the point of sale terminal?

No. The ability to surcharge only applies to purchases made with a credit card, and only under certain conditions.

Q. Are there limits to the amount I can surcharge?

Yes. U.S. merchants may assess a surcharge on credit card purchases that does not exceed the merchant discount rate for the applicable credit card surcharged*. More information can be found at www.visa.com/merchantsurcharging.

Q. Can I choose to surcharge Visa credit cards and not surcharge other card brands?

Yes, however, merchants must surcharge Visa on the same terms and conditions as any equal or higher cost competitor that imposes limits on surcharging.

Q. Am I required to disclose the surcharge to my customers?

Yes. U.S. merchants that surcharge must disclose the surcharge dollar amount on every receipt. In addition, disclosures that a merchant outlet assesses a surcharge on credit card purchases must be posted at the point-of-entry and point-of-sale. Disclosure requirements and sample compliant signage can be found at www.visa.com/merchantsurcharging.

Q. What laws exist that may relate to surcharging?

Currently, 10 U.S. states have surcharging restrictions including California, Colorado, Connecticut, Florida, Kansas, Maine, Massachusetts, New York, Oklahoma and Texas. Please consult with legal counsel to determine whether your practices comply with relevant state law.

Q. I operate stores in multiple states. I understand that state laws prohibit me from surcharging in some states where I operate, but not others – does that mean I can't surcharge in any of the states where I operate?

No. If a merchant is prohibited from surcharging in one state, Visa's rules do not prevent the merchant from surcharging in other states that allow the practice.

Q. Can I pick and choose what types of Visa cards I add a surcharge to?

U.S. merchants have the option to add a surcharge at the "brand level" to all Visa credit card transactions, or to particular types of Visa credit card transactions at the "product level" (e.g., Visa Traditional, Visa Traditional Rewards, Visa Signature), but not both.

Q. Does the ability to surcharge apply to merchants globally?

No. The settlement agreement impacts Visa's rules related to the surcharging of credit card purchases made in the U.S. and U.S. territories only. Surcharging remains prohibited outside the U.S. unless there is a local law or variance that requires merchants be permitted to engage in the practice.

Q. Where can I get more information about Visa's rules related to surcharging, requirements for surcharging and other related information?

Merchants can access this and other information by visiting www.visa.com/merchantsurcharging.

*In cases where the applicable merchant discount rate exceeds 4% of the underlying transaction amount, in no event can the merchant assess a surcharge above 4%.

Information provided here is subject to Visa's final operating regulations relating to surcharging, which will be provided online in early 2013.